



June 16, 2011

AGENDA ITEM # 14

CONTRACT FOR INDEPENDENT AUDITING SERVICES, FY 2010-11

Action Requested: Certify qualified firms; authorize execution of contract with preferred firm

Key Staff: Lisa Chandler, Senior Accountant

Recommendation

- 1. Certify that the auditing firms identified on page 2 below are responsive and qualified to perform the tasks set forth in the Request for Proposals for Independent Auditing Services (4/14/11).
2. Authorize staff to execute the attached contract with the preferred auditing firm, James Marta & Company.

Discussion

On April 14, your Board authorized distribution of a Request for Proposals (RFP) for independent auditing services. The RFP asked interested auditing firms to submit proposals for performing the following key tasks:

- Prepare the FY 2011 financial statement audit of the STA and SAVSA
• Perform compliance audits of the Measure A and SAVSA entities for FY 2011

Six proposals were submitted prior to the May 16, 2011 due date. The following table identifies the proposers and their associated fee rates:

Table with 3 columns: Auditing Firm, Fee Proposal, and Hourly Rates. Rows include Brown Armstrong Accountancy Corp, Crowe Horwath, LLP, Gilbert Associates, Inc., James Marta & Company, Mann, Urrutia, Nelson & Associates, LLP, and Reznick Group.

The proposals were evaluated according to the following criteria:

- Methodology and services provided relative to the proposed fee and assumed risk
• Proposer's demonstrated understanding of the STA, SAVSA, Measure A, and the requirements of this engagement

- Experience of proposed staff in auditing and advising public agencies similar to the STA
- Fee proposal

After reviewing each proposal, staff recommends that the following audit firms be certified as responsive to the RFP and qualified to perform the key tasks associated with this project:

- Brown Armstrong Accountancy Group
- Crowe Horwath, LLP
- Gilbert Associates, Inc.
- James Marta and Company
- Reznick Group

Upon final evaluation of the “qualified” proposals, staff recommends that **James Marta & Company (JMC)** be selected as the preferred contractor. JMC submitted the second lowest fee proposal. Its proposed methodology and the amount of associated work tasks imposed on STA staff, however, make it the least expensive for STA. JMC’s audit team specializes in special districts, tax revenue bonds, and voter approved tax measures. The firm has professional exposure to the California Asset Management Program (CAMP), and it is committed to ensuring that the STA continues to qualify for the GFOA Certificate of Achievement for Excellence in Financial Reporting.

Staff recommends that the Executive Director be authorized to execute the attached contract with **James Marta & Company**. It covers the financial statement audit for the STA and SAVSA as well as the compliance audits for on-going Measure A, capital Measure A, and SAVSA entities for FY 2011. Your Board may extend the contract term for up to two years (in single-year increments) based on satisfactory performance and negotiation of a mutually agreed bid price. The cumulative FY 2011 fee payment will not exceed \$52,600.

Attachment

- C: Steven Starbuck – Brown Armstrong Accountancy Corp.
Roger Martinez – Crowe Horwath, LLP
Peggy Vande Vooren – Gilbert Associates, Inc.
James Marta – James Marta & Company
Justin Williams – Mann, Urrutia, Nelson & Associates, Inc.
Mark Rodebaugh – Reznick Group, PC